

Message Text

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PAGE 01 BEIRUT 00442 01 OF 02 021455Z
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02
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CEA-01 PA-02 PRS-01 L-03 H-02 HUD-02 /102 W
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FM AMEMBASSY BEIRUT
TO SECSTATE WASHDC 2911

UNCLAS SECTION 1 OF 2 BEIRUT 0442

DEPT PASS AID

E.O. 11652: N/A
TAGS: ECRE LE
SUBJECT: DECREE-LAW ESTABLISHING A HOUSING BANK

FOLLOWING IS AN INFORMAL TRANSLATION FROM THE FRENCH OF
THE TEXT OF THE JANUARY 8 DECREE-LAW ESTABLISHING A HOUSING
BANK.

QUOTE: ARTICLE 1. A LEBANESE LIMITED LIABILITY COMPANY
IS CREATED WITH THE NAME "HOUSING BANK"; ITS PURPOSE IS
TO FINANCE HOUSING PROJECTS, NOTABLY THOSE PROVIDED FOR
BY THE HOUSING LAW.

ARTICLE 2. THE BANK'S PRINCIPAL ACTIVITIES ARE:

- 1) THE ACCEPTANCE OF DEPOSITS FOR A PERIOD NOT LESS
THAN TWO YEARS;
 - 2) THE FINANCING OF HOUSING PROJECTS: I.E., THE CONSTRUCTION, RESTORATION AND IMPROVEMENT OF CITY BLOCKS, APARTMENT HOUSES AND INDIVIDUAL HOUSES;
 - 3) THE MANAGEMENT OF PUBLIC AND PRIVATE FUNDS USED FOR HOUSING PROJECTS AND FOR THE TRANSACTION OF HOUSING LOANS,
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UNCLASSIFIED

PAGE 02 BEIRUT 00442 01 OF 02 021455Z

PARTICULARLY THOSE FUNDS DESIGNATED FOR CATEGORIEE
DETERMINED BY THE HOUSING LAW.

ARTICLE 4. THE STATE OWNS 20 PERCENT OF THE CAPITAL
AND THE NATIONAL SOCIAL SECURITY FUND (NSSF) 30 PERCENT.
THE STATE'S PART WILL BE DEDUCTED FROM THE HOUSING FUND.

THE CONDITIONS FOR SUBSCRIBING FOR THE REST OF THE CAPITAL
WILL BE DETERMINED BY THE FOUNDERS.

IF THERE IS NO SUBSCRIPTION FOR THE REST OF THE CAPITAL
BY PERSONS AUTHORIZED TO SUBSCRIBE, THE STATE AND THE NSSF
WILL COMPLETE THE SUBSCRIPTION NO MATTER WHAT THE NUMBER
AND VALUE OF THE SHARES OF THE BANK'S STOCK, PROVIDED THAT
THE PROPORTION OF TWO-FIFTHS FOR THE STATE AND THREE-FIFTHS
FOR THE NSSF IS RESPECTED.

AT LEAST HALF OF THE CAPITAL WILL BE RAISED AT THE TIME
OF THE SUBSCRIPTION; ALL THE CAPITAL MUST BE RAISED BEFORE
THE END OF THE SECOND YEAR FOLLOWING THE DEFINITIVE
ESTABLISHMENT OF THE HOUSING BANK.

TAKING INTO ACCOUNT THE PROVISIONS OF THE COMMERCIAL CODE
AND THE MINT AND CREDIT CODE, INCREASES OR DECREASES IN
THE CAPITAL ARE POSSIBLE UNDER CONDITIONS THAT THE BANK'S
STATUTE WILL DETERMINE.

ARTICLE 5. DURING THE FIRST FIVE YEARS AFTER ALL THE
CAPITAL IS RAISED, THE GOVERNMENT IS AUTHORIZED TO LOAN THE
BANK AT REDUCED RATES SUMS NOT EXCEEDING THE CAPITAL.

THE TERMS OF THESE LOANS WILL BE DETERMINED BY DECREES OF
THE COUNCIL OF MINISTERS.

ARTICLE 6. THE MANAGEMENT WILL BE ENTRUSTED TO A BOARD
OF 12 DIRECTORS.

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PAGE 03 BEIRUT 00442 01 OF 02 021455Z

THE GENERAL ASSEMBLY OF STOCKHOLDERS WILL ELECT SEVEN
DIRECTORS; THE STATE AND THE NSSF WILL NOT BE PERMITTED
TO VOTE IN THIS ELECTION AND THEIR RESPECTIVE SHARES OF
STOCK WILL NOT COUNT TOWARDS A QUORUM.

AFTER THE GENERAL ASSEMBLY ELECTS SEVEN MEMBERS, THE
COUNCIL OF MINISTERS WILL DESIGNATE BY DECREE FIVE DIRECTORS
REPRESENTING THE STATE AND THE NSSF.

THE MINISTER OF FINANCE AND THE MINISTER OF HOUSING AND
COOPERATIVES WILL NOMINATE TWO DIRECTORS; THE COUNCIL OF
THE NSSF WILL NOMINATE THE REMAINING THREE DIRECTORS. THE
REPRESENTATIVES OF THE STATE AND THE NSSF CAN BE RECRUITED
FROM EMPLOYEES OF THE STATE AND THE NATIONAL TREASURY, OR
FROM PEOPLE NOT EMPLOYED BY THEM.

THE DIRECTORS REPRESENTING THE STATE AND THE NSSF ARE EXEMPT
FROM THE DEPOSIT OF ANY SECURITY BOND; THEY EXERCISE THEIR

PREROGATIVES ON THE BOARD ON AN INDIVIDUAL BASIS.

THE CHAIRMAN OF THE BOARD OF DIRECTORS IS APPOINTED BY
DECREE OF THE COUNCIL OF MINISTERS FROM AMONG THE LEBANESE
DIRECTORS UPON A MOTION OF THE MINISTER OF FINANCE AND OF
THE MINISTER OF HOUSING AND COOPERATIVES.

THE TERM OF OFFICE OF THE DIRECTORS IS FIVE YEARS; THE
DIRECTORS REPRESENTING THE STATE AND THE NSSF, AS WELL AS
THE CHAIRMAN OF THE BOARD OF DIRECTORS, CAN BE REPLACED
BEFORE THE EXPIRATION OF THEIR TERMS BY DECREE OF THE COUNCIL
OF MINISTERS.

PURSUANT TO THE PROVISIONS OF PARAGRAPH 4, ARTICLE 4, IF
THE SHARES BELONGING TO THE STATE AND TO THE NSSF INCREASE,
THE NUMBER OF DIRECTORS DESIGNATED TO REPRESENT THEM WILL
INCREASE PROPORTIONATELY, BUT THE TOTAL NUMBER OF
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PAGE 04 BEIRUT 00442 01 OF 02 021455Z

DIRECTORS IS NOT TO EXCEED 12.

ARTICLE 7. THE DIRECTOR GENERAL OF HOUSING WILL ACT AS
GOVERNMENT COMMISSIONER OF THE BANK. HE WILL PARTICIPATE
IN THE MEETINGS OF THE BOARD OF DIRECTORS AND THE GENERAL
ASSEMBLY; HE WILL TAKE PART IN THEIR DELIBERATIONS WITHOUT,
HOWEVER, ENJOYING THE RIGHT TO VOTE.

THE GOVERNMENT COMMISSIONER WILL WATCH OVER THE REGULARITY
OF THE BANK'S DECISIONS AND ACTIVITIES IN ALL FIELDS.

THE GOVERNMENT COMMISSIONER WILL NOT DRAW ANY SALARY OR
COMPENSATION FROM THE BANK.

THE HOUSING FUND WILL PAY HIM A MONTHLY COMPENSATION TO BE
SET BY ORDER OF THE MINISTER OF HOUSING AND COOPERATIVES.

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PAGE 01 BEIRUT 00442 02 OF 02 021438Z
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

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TO SECSTATE WASHDC 2912

UNCLAS SECTION 2 OF 2 BEIRUT 0442

DEPT PASS AID

E.O. 11652: N/A

TAGS: ECRE LE

SUBJECT: DECREE-LAW ESTABLISHING A HOUSING BANK

ARTICLE 8. IN ADDITION TO THE COMMISSIONER OF ACCOUNTS PROVIDED FOR BY THE MINT AND CREDIT CODE, AN AUDITOR WILL BE APPOINTED FOR A RENEWABLE TERM OF THREE YEARS.

HE WILL BE APPOINTED BY ORDER OF THE MINISTER OF FINANCE FROM AMONG THE EMPLOYEES OF THE MINISTRY OF FINANCE COMPETENT IN MATTERS OF ACCOUNTING. THE AUDITOR WILL HAVE THE POWERS AND RESPONSIBILITIES STIPULATED IN THE COMMERCE CODE AND THE MINT AND CREDIT CODE FOR THE COMMISSIONER OF ACCOUNTS.

ANYTIME THERE IS A NEED, OR ANYTIME THE AUDITOR DEEMS IT USEFUL, HE IS AUTHORIZED TO ISSUE HIS OWN REPORTS OR JOINT REPORTS IN AGREEMENT WITH THE COMMISSIONER OF ACCOUNTS

THE AUDITOR DOES NOT DRAW ANY SALARY OF COMPENSATION FROM THE BANK. THE MINISTRY OF FINANCE PAYS HIM A MONTHLY COMPENSATION WHOSE SUM IS SET BY ORDER OF THE MINISTER
UNCLASSIFIED

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PAGE 02 BEIRUT 00442 02 OF 02 021438Z

OF FINANCE.

ARTICLE 9. UNDER CONDITIONS TO BE DETERMINED BY THE BANK'S STATUTE, THE BANK CAN ISSUE BONDS WITH A VALUE SIX TIMES GREATER THAN ITS CAPITAL.

THE GOVERNMENT IS AUTHORIZED TO GUARANTEE THE BONDS UP TO THE AMOUNT OF LL 100 MILLION THROUGH DECREES OF THE COUNCIL OF MINISTERS.

ARTICLE 10. WITH REGARD OF THE PROFITS OF THE BANK MARKED FOR DISTRIBUTION, FOUR PERCENT OF THE VALUE OF THE SHARES OF STOCK NOT BELONGING TO THE STATE OR THE NSSF ARE BY PRIORITY DEDUCTED ON BEHALF OF THE OWNERS OF THESE SHARES.

THIS RIGHT CANNOT BE CARRIED OVER FROM ONE TRADING YEAR TO THE NEXT.

ARTICLE 11. THE BANK AND ITS ACTIVITIES ENJOY THE FOLLOWING EXEMPTIONS AND ADVANTAGES:

A) FOR THE FIRST 10 YEARS AFTER ITS FOUNDING, THE BANK IS EXEMPT FROM ANY TAX ON REVENUE, INCLUDING PROFITS AND INTEREST EARNED.

B) BEGINNING IN THE ELEVENTH YEAR, THE BANK CAN TRANSFER TO ITS ANNUAL OPERATING ACCOUNT A SUM EQUAL TO FOUR PERCENT OF ITS CAPITAL AS EXEMPT EXPENSES WITHIN THE MEANING OF ARTICLE 7 OF DECREE-LAW 144, ISSUED JULY 12, 1959.

C) THE SHARES AND BONDS ISSUED BY THE BANK, THE BONDS ISSUED BY ORDER OF THE BANK, AND ALL THE CONTRACTS CONCLUDED BY THE BANK, ARE EXEMPT FROM ANY STAMP TAX.

D) INTEREST EARNED ON DEPOSITS AND BONDS OF THE BANK ARE UNCLASSIFIED

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PAGE 03 BEIRUT 00442 02 OF 02 021438Z

EXEMPT FROM ANY TAX ON REVENUE. THIS EXEMPTION INCLUDES THE FEES STIPULATED IN CHAPTERS 1 AND 3 OF DECREE-LAW 144, ISSUED JULY 12, 1959.

E) THE BANK CAN ACQUIRE WITHOUT LICENSE, AND WITHOUT BEING BOUND BY THE REQUIREMENTS OF MINIMUM SURFACE PROVIDED FOR IN DECREE 11, 614, ISSUED JANUARY 4, 1969, OWNERSHIP OF ANY REAL ESTATE.

FOR A PERIOD OF FIVE YEARS, THE BANK CAN LIQUIDATE REAL ESTATE TO DISCHARGE DEBTS WHICH HAVE FALLEN DUE OR FOR WHICH PAYMENT IS DOUBTFUL.

F) THE REAL ESTATE GUARANTEES GRANTED ON BEHALF OF THE BANK ARE EXEMPT FROM ANY TAX AS SOON AS THEY ARE RECOGNIZED AS HAVING BEEN EXERCISED.

G) THE RELATIONS BETWEEN THE BANK AND ITS CLIENTS ARE GOVERNED BY THE PROVISIONS OF ARTICLES 11, 12, 13 AND 14 OF THE HOUSING LAW -- EXCEPT FOR THE NEXT TO LAST SUB-PARAGRAPH OF THE FOURTH PARAGRAPH OF ARTICLE 12, AND EXCEPT FOR THE LAST SUB-PARAGRAPH OF ARTICLE 14 INsofar AS IT PERTAINS TO RETIREMENT AND COMPENSATION FOR BEING LAID-OFF -- PROVIDED THAT THE TEXT OF THESE ARTICLES IS CLEARLY SET FORTH IN THE CONTRACT BETWEEN THE BANK AND THE CLIENT.

H) ANY OTHER TEXT TO THE CONTRARY NOTWITHSTANDING, THE PENSION FOR RETIREMENT AND THE COMPENSATION FOR BEING LAID-OFF CAN BE SEIZED ON BEHALF OF THE BANK OR ITS MANAGER IN ACCORDANCE WITH THE PRINCIPLES SET FORTH IN THE CIVIL PROCEDURE CODE.

ARTICLE 12. THE FOUNDERS WILL BE FIVE PERSONS DESIGNATED BY DECREE OF THE COUNCIL OF MINISTERS UPON NOMINATION OF THE MINISTER OF FINANCE AND THE MINISTER OF HOUSING AND UNCLASSIFIED

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PAGE 04 BEIRUT 00442 02 OF 02 021438Z

COOPERATIVES. THE FOUNDERS ARE REQUIRED TO DRAW UP A DRAFT STATUTE FOR THE BANK DURING THE MONTH FOLLOWING THEIR APPOINTMENT.

THE STATUTE IS RATIFIED BY A DECREE OF THE COUNCIL OF MINISTERS.

ARTICLE 13. DURING THE FIRST THREE MONTHS FOLLOWING THE APPOINTMENT OF A CHAIRMAN, THE BOARD OF DIRECTORS IS TO PREPARE A WORK PROGRAM CONSISTENT WITH THE STATE'S HOUSING POLICY. IN ADDITION, THE BOARD IS TO DETERMINE THE BROAD OUTLINE OF THE POLICY IT WILL PURSUE DURING ITS TERM. THIS OUTLINE WILL INCLUDE A REPORT ON THE ACCOMPLISHMENTS, PRIORITIES, AND CONDITIONS OF FINANCING PROJECTED IN VIEW OF THE GOALS TO BE ACHIEVED.

THE WORK PROGRAM WILL BE APPROVED BY A DECREE OF THE COUNCIL OF MINISTERS ON RECOMMENDATION OF THE MINISTER OF FINANCE AND THE MINISTER OF HOUSING AND COOPERATIVES.

ARTICLE 14. THE LAWS IN FORCE APPLY TO THE BANK, NOTABLY THE PROVISIONS OF THE COMMERCIAL CODE, THE BANKING SECRECY ACT, THE MINT AND CREDIT CODE, AND OTHER LEGISLATION PERTAINING TO THE BANKING SECTOR. NOT APPLICABLE TO THE BANK ARE THE PROVISIONS OF LAW 22/67 AND THE PROVISIONS OF LAWS PERTAINING TO LAND BANK COMPANIES.

ARTICLE 15. THE PRESENT LAW IS APPLICABLE UPON ITS PUBLICATION. UNQUOTE.
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Message Attributes

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